

CASE STUDY

1111 SUPERIOR AVENUE

Cleveland, Ohio



AMERICAN LANDMARK
PROPERTIES

Situation

1111 Superior Avenue is a 28-story 602,000 square foot Class A office building with an attached seven-story 509-space parking garage, located in Cleveland Ohio's Central Business District.

The building was originally constructed in 1983 for its anchor tenant—Eaton Corporation—which occupied over 50% of the building.

Challenge/Opportunity

In 2013, Eaton Corporation moved its headquarters and all employees to a new suburban location, leaving the property nearly 50% leased. With dated finishes, antiquated existing spaces, and lacking modern amenities, the property was badly in need of capital to bring it up to competitive Class A office standards.

With its well-connected real estate network, American Landmark Properties was able to acquire 1111 Superior “off-market” at a substantial discount.

American Landmark Properties Solution

1111 Superior Avenue was purchased by an affiliate of American Landmark Properties in 2014 for \$19,500,000. The ownership of 1111 Superior was familiar with the marketplace, as it already owned a 22-story office tower across the street which it had purchased in 2007 and had leased up in excess of 300,000 square feet. American Landmark Properties was therefore enthusiastic about the upside potential of 1111 Superior Avenue.

The ownership of 1111 Superior Avenue implemented a strategic redevelopment plan which included:

- An extensive lobby renovation featuring a stunning floor-to-ceiling LED illuminated glass wall;
- A state-of-the-art fitness center featuring exposed ceilings, a yoga studio and spectacular views of Lake Erie;
- A Wi-Fi lounge and executive conference facility; and,
- LEED Silver certification for its energy system operations.

An aggressive rebranding and marketing plan was implemented by the ownership team. The marketing program included converting an entire vacant floor to a “Downtown Cleveland” exhibit showcasing the City of Cleveland's resurgence, “Live-Work-Play” vibrancy and the transformation that 1111 Superior Avenue was undergoing. The “marketing” floor allowed us to showcase the lakefront views and many local amenities and attractions.

Within 18 months of implementing the marketing strategy, ownership had secured IBM as a three-floor tenant at 1111 Superior Avenue. Securing IBM helped accelerate the leasing momentum.



Results

In 2017, 1111 Superior Avenue was over 80% leased and net operating income had increased by 100%. The increased occupancy and NOI growth at 1111 Superior Avenue have positioned the property for a profitable sale or refinancing in the near future.

Asset Class: Class A Office

IRR: 33% (Projected)

Multiple: 1.7x (Projected)

Total Equity: \$12,175,000

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